

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: GRACE SEAMAN

DATE: MARCH 14, 2014

RE: 2013 IDAHO TELECOMMUNICATIONS RELAY SERVICE ANNUAL
REPORT; CASE NO. GNR-T-14-02.

BACKGROUND

Each year the Administrator of the Idaho Telecommunications Relay Service (TRS or relay) files a report detailing the activities and status of the program during the previous year. The Administrator also determines the funding requirements for the following year and submits a recommended budget with the annual report.

In 1992, the Idaho Legislature established the Telecommunications Relay Service Act (TRS Act) in accordance with the federal Title IV of the American with Disabilities Act. The TRS enables citizens who are hearing or speech-impaired to engage in telephone communications “in a manner functionally equivalent to that of individuals without hearing or speech impairments.” *Idaho Code* § 61-1301. Under the Idaho TRS Act, all telephone corporations providing local or long-distance service (not including cellular or VoIP) must provide TRS as set forth in the program and pay into the TRS Fund based upon an allocation methodology adopted by the Commission. *Idaho Code* § 61-1305. Pursuant to TRS Rule 202, the Commission sets the TRS funding levels each year based upon the Administrator’s Annual Report. IDAPA 31.46.02.202.

The Idaho TRS service provider, Hamilton Telecommunications (Hamilton), operates the relay center where oral conversations are converted or “relayed” to text-type and vice versa. The relay center also provides speech-to-speech, Spanish-to-Spanish, video, and Internet relay services.

THE 2013 ANNUAL REPORT

On January 30, 2014, the TRS Administrator, Mr. Dunbar, submitted the 2013 TRS Annual Report and the 2014 TRS Budget for Commission approval. The Administrator reported that the relay center handled 38,724 minutes of conversation during calendar year 2013 compared to 48,685 minutes in 2012, a 20% decrease. Most of the conversation minutes were associated with Captioned Telephone service (CapTel)¹ users. Although the number of CapTel telephones increased by 7%, the total CapTel usage decreased by 13% to 25,041 minutes.

Disbursements from the TRS fund to Hamilton in 2013 also decreased from \$110,760 in 2012 to approximately \$92,131 in 2013. In-state traditional relay and CapTel services are reimbursed by Idaho's TRS fund, while the firm of Rolka Loubé Saltzer Associates, LLC (RLSA) reimburses Hamilton for out-of-state relay calls as well as intrastate Internet relay and Internet video relay service usage. The 2013 average answer time by Hamilton improved from .6 seconds to .4 seconds.

1. 2013 Expenses. The TRS expenses for 2012 totaled \$133,336. The Administrator reported that disbursements to Hamilton were \$92,131. The administrative fees and expenses for the reporting year were \$41,205 and the end-of-year fund balance was \$320,277.

2. 2013 Revenues and Allocations. The TRS fund is supported by assessments on local exchange telephone service (residential and business) access lines and on billed intrastate long distance minutes. The total number of intrastate long distance minutes reported by the telephone companies in 2013 decreased by 8% from approximately 241,632,800 in 2012 to approximately 221,794,300 in 2013. The average monthly number of telephone lines reported also decreased by 11% from 449,080 in 2012 to 398,843 in 2013. The 2013 annual contribution to the TRS fund was \$139,057, a decrease of \$11,300 (7.5%) from 2012. The local exchange service revenue decreased by 7% and revenue from MTS/WATS decreased by 9%. Contributions to the TRS fund were \$94,966 (68%) from local exchange service and \$44,090 (32%) from MTS/WATS. The TRS administrative fees and expenses for 2013 were \$41,205. In Commission Order No. 32768, the per-line and per-minute assessments for 2013 were maintained at \$0.02 and \$0.0002, respectively. A comparison of the 2013 contributions from the previous year is as follows:

¹ CapTel allows hard-of-hearing users to hear the conversation as well as read the words on the phone's built-in screen. A trained operator "re-voices" the conversation from a caller into the voice recognition technology that converts the words into a text message and provides the CapTel user with a more natural conversation.

<u>TRS Revenue Contributions</u>	<u>2013</u>	<u>2012</u>
Local exchange service providers	\$94,966	\$102,019
MTS/WATS providers	44,090	48,327
Interest earned on funds	<u>31</u>	<u>35</u>
Total	\$139,087	\$150,381

3. Proposed 2014 Budget. The Administrator projects an annual operating budget of \$123,600, a decrease from last year. The budget reflects a decrease in traditional relay usage by 10% or greater. The budget estimate also includes a triennial audit in 2014. If assessment rates remain unchanged, the Administrator calculates the end-of-year fund balance will remain near its current level.

4. Proposed 2014 TRS Funding Levels. Based on the proposed budget for 2014 and the current reserves, the Administrator recommends that the Commission maintain the assessment rates at the current level for local exchange lines at \$.02 per month and \$.0002 per intrastate MTS/WATS billed minute. This will maintain a cushion if unexpected expenses or changes occur.

5. The Federal Communications Commission (FCC) Five-Year Certification. Every five years state relays must submit information to the FCC to verify that the relay meets all technical and functional standards pursuant to FCC rules. As reported last year, the Administrator and Hamilton submitted the Five-Year Certification Report to the FCC on September 25, 2012. The Idaho TRS was certified by the FCC in June 2013.

Recent TRS-Related FCC Activities

1. Internet Protocol Captioned Telephone Service (IP CTS). The FCC oversees and funds a nationwide TRS program, which compensates carriers that provide interstate TRS over traditional wireline facilities, as well as Voice over Internet Protocol (VoIP) services.² One form of TRS that uses VoIP is the IP CTS. The FCC is now considering whether it should transfer responsibility for the administration of IP CTS to state authorities.³ Idaho does not administer IP

² Report and Order and Further Notice of Proposed Rulemaking, *In the Matter of Misuse of Internet Protocol Captioned Telephone Service and Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing and Speech Disabilities*, CG Docket No. 13-24 and CG Docket No. 03-123 (FCC 13-118), rel. August 26, 2013 (FNPRM).

³ *Id.* at para. 4.

CTS and does not have funding or processes in place should the FCC transfer responsibility for oversight and funding of this program to state jurisdictions.

2. TDM⁴-to-IP Transition Experiments. The FCC adopted a framework for approving trials, or experiments for preserving traditional communications-related values, such as public safety, consumer protection, competition, and universal access, as networks complete the transition from legacy circuit-switched, copper technology to an IP-based packet-switched fiber and wireless networks. These experiments will include changes to the TRS, which will have a direct impact on the Idaho relay. Idaho's current TDM relay system and the users' equipment are not compatible with a IP-based, packet-switched network. Additionally, Idaho has an aging population of TRS user that may not be comfortable switching to IP-compatible equipment. Thus, it is important for all state jurisdictions to monitor the results of the TRS experiment and provide performance feedback should the FCC require state TRS networks to partially or fully transition to the IP TRS model.

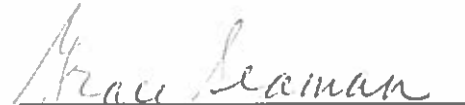
STAFF'S RECOMMENDATION

Staff has reviewed the Administrator's Report and believes the expenses are reasonable. Staff believes the Idaho citizens continue to be well served by the Administrator and the relay services provided by Hamilton Telecommunications. Staff also believes that the 2014 budget projection of \$123,600 is acceptable based on the anticipated TRS expenses for this year. The projected revenue together with the current fund balance should be sufficient to meet 2014 expenses, including any unforeseen events. Staff, therefore, agrees with the Administrator's recommendation to maintain the TRS contributions at the current funding levels of \$0.02 per access line per month and \$0.0002 per intrastate MTS/WATS minute.

⁴ Time-Division Multiplexing (TDM) is primarily used for digital signals, but can also accommodate analog multiplexing. This is the technology generally considered when referencing the Public Switched Telephone Network (PSTN), an aggregate of the world's circuit-switched telephone networks.

COMMISSION DECISION

1. Does the Commission wish to accept the Administrator's recommendation to maintain the current TRS assessment rates adopted in Order No. 32768?
2. Does the Commission wish to accept the annual report and adopt the Administrator's budget for 2014?


Grace Seaman

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